

GAMBLING CONTROL BOARD MEETING MINUTES

7/18/17

**Department of Public Safety, Gambling Control Board Conference Room
45 Commerce Drive, Augusta, Maine**

Board members present: Chair Tim Doyle, Bob Harmon, Al Skolfield and Barbara Dresser

Excused: Greg McNeal

AG members present: A.A.G. Ron Guay and A.A. G Katie Johnson

Introductions of Staff present: Executive Director Milton Champion, Inspector Supervisor Vicki Gardner, Auditors Joy Bonenfant and Don Berrie, and Secretarial staff Kathy Robitaille and Mallory Reilly

DPS Staff present: Commissioner John Morris

Approval of Minutes of 6/20/17

Motion to approve: Bob Harmon

2nd: Tim Doyle

Vote 3-0 with one abstention

Executive Director Report: Milton Champion

17 shipments of machines and/or associated equipment shipped into Maine to licensed facilities in June. On-site inspectors completed 639 observations, 32 checklists, one violation of a minor on the casino floor, four violations reported, three were dismissed (table signs, minor on floor during interview and one remains under review regarding failure to fill out meal book). There are two violations still pending in the consent agreement process and five self-exclusions. Dir. Champion met in June with members of the Massachusetts Gaming Commission regarding central monitoring coverage. There will also be a regional Self-Exclusion meeting in September that he will attend. Dir. Champion thanked his staff for stepping up and working diligently as the unit faces upcoming projects i.e. three RFPs (ADV, Financial Review and Central Site Monitoring System) and three rule developments (ADW, Casino updates and Games of Chance).

Auditor Report – Donald Berrie

All analyses are also available on the Gambling Control Board website.

June 2017 tax revenue was \$4,686,000, an increase of \$352,000, or 8% from June of 2016. Year-to-date revenue through June 30th was \$26,553,000, an increase of approximately \$626,000 or 2% over the same period in 2016. First quarter results have already been reported to the Board and the complete 2nd quarter was \$14,018,000, and increase of 5% over the second quarter of 2016.

Revenue Allocation

In accordance with statute, Maine Maritime Academy and the University of Maine System must report fall enrollment numbers each year to determine the percentage of revenue they will

receive effective the following July. Data has been received, analysis has been performed and there has been a minor adjustment in the allocations effective July 1, 2017.

Hold Compliance

The allocation reports also report the hold percentages at each casino. By statute, the hold percentage may not exceed 11% in any quarter. Both casinos have been in compliance for both calendar quarters one and now quarter two of 2017.

Audit Program

A prior review of cage, vault, key control, chip inventory had already taken place. Auditor Berrie returned to the Hollywood Casino on June 22nd to review:

- Record Retention and Destruction
- Front Money Deposits
- Expired Tito and Jackpots tickets
- Comps in Excess of \$250.00
- Signatures

This review was accomplished through interviews with casino staff, facility inspection and inspection of documents. Especially appreciated was a tour of storage since document destruction was scheduled for the following week. Front money deposits are extremely rare with only two occurring in 2017. The one missing signature was reviewed with staff. All areas reviewed appeared to be in compliance.

A review at Hollywood Casino on July 13th was done to review:

- Card and dice receipt, inventory and destruction.
- Chip receipt, inventory and destruction.
- Payouts not paid directly from slot machines
- Table Games

Auditor Berry had the opportunity to observe a live jackpot and the procedures and forms involved in that process. In addition, he was able to inspect storage and destruction facilities and procedures and actually spent a fair amount of time in the gaming table pit. He also observed chip fills from the main bank perspective as well as the table game perspective. All areas reviewed appeared to be in compliance.

Maine State Police Report – Detective Don Armstrong

No report received as Det. Armstrong is on vacation this week.

Unfinished Business

Proposed Rule 28 - Advanced Deposit Wagering Rules and RFP

Director Champion reviewed the Rule changes with the Board. The advanced deposit wagering can only be done by Maine residents.

Motion: by Barbara Dresser to approve with the language change of “illegal” to “unlawful”

Seconded: by Alfred Skolfield

Unanimous Vote

There will be a Public Hearing on this proposed Rule, held on July 26th. Auditor Joy Bonenfant is doing the required MAPA paperwork on this. It will be advertised in the papers next week. There will be an open comment period and then it will be brought back to the Board. It is a substantive rule so it will go back to Legislature before final adoption by the Board.

Motion: to approve by Barbara Dresser

Seconded: by Bob Harmon

Unanimous Vote

The Department of Purchasing has the ADW RFP to review as well as the Financial Review RFP (currently with MacPage). The AG’s are reviewing both as well.

For the Central Site Monitoring System RFP, there will be an Evaluation Committee to review proposals sent in by various entities.

New Business

Games of Chance/Non-Profit Gaming – with recent legislative passing of the state budget, non-profit gaming has been removed from the State Police and is now housed in the Gambling Control Unit. Nonprofit gaming will not be a Gambling Control Board oversight, but is directed towards the Commissioner of the Department of Public Safety; with staff involvement minimal. James Gass moved to the Unit and oversees the compliance and inspections that he has done for several years now. Remaining active bills LD # 1568 “An Act to Require that Principals of Corporations Remain the Same for a Specified Number of Years for the Corporation to be Eligible for a Casino License” and LD #719 “An Act to Allow Slot machines or a Casino in York County.”

Legislative Update:

LD 1568 "An Act To Require That Principals of Corporations Remain the Same for a Specified Number of Years for the Corporation To Be Eligible for a Casino License"

This has been referred to the Veterans and Legal Affairs Committee.

LD 719 "An Act To Allow Slot Machines or a Casino in York County"

This has also been referred to the Veterans and Legal Affairs Committee.

Gaming Entertainment Touch Technology waiver review has requested a waiver in the licensing process of a Gaming Service Vendor. The Vendor application fee is \$2,000.00. It is Director Champion’s position that according to §1001, Definitions #17, “Gambling Services” means any goods or services provided to an operator licensed under this chapter or at a gambling facility that are used directly in connection with the operation of a slot machine or table game, including but not limited to maintenance, security services or junket services and excluding slot machine or table game distribution by a slot machine distributor or table game distributor. Additionally, #2. “Associated equipment” means any component part used, or intended for use in a slot machine or table game, does require a need to have a license in the State of Maine. However, I was asked to bring their request before the Board today for consideration.

Motion: Alfred Skolfield to deny the request for the Gambling Touch Waiver.

Seconded: by Bob Harmon

Unanimous vote

Facilities Discussion on Key Licenses:

Director Champion identified some inconsistencies with the licensing applications. He proposed there be two types of licenses in Maine: Personal History Disclosure Form PHDF (old Key Executive application) and Employee license. As part of the PHDF, the key employees could be identified in the Application who fill out this Form. Delaware has three tiers of employees. John Gibboni, Hollywood Slots Director of Finance, presented that Hollywood Slots doesn't think anyone below Directors should be key executives who can develop and drive policy. The accepted positions under Key would be General Manager, Heads of Marketing, Human Resources, Surveillance, Management Information Systems, Slot Operations, Security, Accounting and of the Main Cage as identified in the Minimum Internal Controls for the State of Maine. The Minimum Internal Controls (MICS) identify Key Employees. Attorney Melissa O'dea for Oxford Casino agreed with Mr. Gibboni. It shouldn't be part of the casino application being considered, it's not in statute either.

Board discussion ensued. Bob Harmon agrees with the Casinos with whom they are identifying. To go down to Supervisor and requesting more financial information is too intrusive. Al Skolfield agreed. Barbara Dresser doesn't disagree but what does Director Champion want? What is the State's take in determining this information? The Board asked by the Chair if they agreed with the facilities. Managers enforce policy, not make policy. On the basis of the discussion Director Champion was asked to draft a list for the next meeting working with the facilities for the Board to approve.

Public Comment

None.

Next meeting date **Thursday, September 28th.**

Motion to end the meeting - Barbara Dresser

Seconded - Al Skolfield

Unanimous vote

Respectfully submitted by

Kathy Robitaille,

Office Specialist I